U.S.-CAFTA-DR Free Trade Agreement
Texas Farmers Will Benefit.

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Exports of farm products help boost Texas' farm prices and income. Such exports help support about 53,720 jobs both on and off the farm in food processing, storage, and transportation. In 2003, Texas' farm cash receipts were $15.3 billion, and agricultural exports were estimated at $3.4 billion, putting its reliance on agricultural exports at 22 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase Texas' exports of agricultural products.

Texas Benefits From the U.S.- CAFTA-DR Free Trade Agreement (FTA)

Despite over $1.6 billion in U.S. farm exports in 2003, CAFTA-DR countries continue to impose high tariffs and other barriers on most agricultural products, including Texas' key exports. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with other competitors. This objective was achieved. Over 50 agricultural industry and farm groups, including the American Farm Bureau support the FTA.

Beef. Providing over one-half of the state's farm cash receipts ($7.8 billion) and as the nation's 3rd largest exporter of live animals and meat, Texas cattle and calve producers benefit from the FTA.

- Current import duties on U.S. beef exports are as high as 30 percent, and the WTO permits duties as high as 79 percent.
- Duties on the products most important to the U.S. beef industry – Prime and Choice cuts – will be eliminated immediately in Central American countries, while the Dominican Republic will establish a zero duty TRQ of 1,100 metric tons which expands annually as duties are eliminated.
- Some immediate duty-free access will be provided by certain countries on other beef cuts through an initial TRQ totaling 1,165 metric tons, expanding annually until duties are fully phased-out.
- Duties currently applied to other beef products and beef offals will be phased-out in 5 to 10 years.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, and the U.S. Meat Export Federation have expressed support publicly for the CAFTA-DR FTA.*

Cotton. As the nation's #1 exporter of cotton and with farm cash receipts totaling $1.3 billion, Texas cotton farmers will benefit from the FTA.

- The FTA will lock-in immediately zero tariffs for markets worth $73.1 million to U.S. cotton suppliers.

- Under the WTO, CAFTA-DR countries could raise duties on cotton to 35 to 60 percent, depending on the country.

Poultry. Providing the 4th largest source of state farm cash receipts at over $1 billion, Texas poultry producers will benefit from the FTA.

- U.S. poultry exporters currently face duties as high as 164 percent on both fresh and frozen products, and the WTO permits duties as high as 250 percent.
- Each CAFTA-DR country will provide immediate duty-free access on chicken leg quarters, a product where the United States is the world's most competitive exporter, through country-specific TRQs that expand annually as duties are eliminated in 17 to 20 years.
- Costa Rica and the Dominican Republic will establish duty-free TRQs for chicken leg quarters totaling 850 metric tons, each expanding by 10 percent annually. The other four Central American countries will establish a total regional duty-free TRQ of 21,810 metric tons (with individual country minimum quota levels). After year 12, the TRQ quantity will be no less than 5 percent of regional chicken production.
- Duties on poultry products such as wings, breast meat and mechanically de-boned poultry meat will be reduced more quickly, with many eliminated within 10 years.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The National Chicken Council, the USA Poultry and Egg Export Council, and the National Turkey Federation have expressed support publicly for the CAFTA-DR FTA.*

Dairy. Providing the 5th largest source of farm cash receipts, Texas dairy producers benefit from the FTA.

- U.S. dairy exporters currently face duties as high as 60 percent, and the WTO permits duties as high as 100 percent.
- Each country will establish duty-free TRQs for certain dairy products totaling over 10,000 metric tons across the six countries – and each will receive the same level of TRQ access for dairy products entering the United States.
- TRQs will grow by 5 percent per year for the Central American countries and 10 percent per year for the Dominican Republic, with certain dairy products subject to safeguards during the phase-out period.
- All Central American and Dominican duties will be eliminated within 20 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*

Corn. As the nation's 7th largest exporter of feed grains, Texas corn producers benefit from the FTA.

- U.S. corn exporters face duties up to 35 percent, and the WTO permits duties as high as 75 percent.
- Costa Rica and the Dominican Republic will eliminate their duty on yellow corn immediately. The other countries will provide preferential access through individual duty-free TRQs totaling 1,151,259 metric tons initially, growing by 5 percent per year

as the over-quota duties are phased out over 15 years (10 years in the case of Guatemala).

- All currently applied duties on corn products (including corn flour, corn gluten feed, corn oil and high fructose corn syrup) will be phased-out in 15 years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, the National Grains Trade Council, the North American Export Grain Association, the U.S. Grains Council, and the North American Millers Association have expressed support publicly for the CAFTA-DR FTA.*

Rice. With $82 million in farm cash receipts, Texas rice producers benefit from the FTA.

- U.S. rice exports face CAFTA-DR duties up to 60 percent, and the WTO permits duties as high as 90 percent.
- Each CAFTA-DR country will establish zero duty TRQs for milled rice, and rough rice in all except the Dominican Republic (which will have a TRQ for brown rice).
- In the first year of the FTA, the TRQ access will total over 400,000 metric tons immediately and will grow through the tariff phase-out period.
- *The USA Rice Federation and U.S. Rice Producers Association have expressed support publicly for CAFTA-DR FTA.*

Sugar Production in Texas - Map